

PURCHASING PROCESS AND PURCHASING CARD RULES

*A joint presentation between the West Virginia
Purchasing Division and State Auditor's Office*

October 29, 2014

Welcome

- ▶ Purpose of Training

- Give high-level overview of updates and status of Legislative Rule

- ▶ Staff Introductions

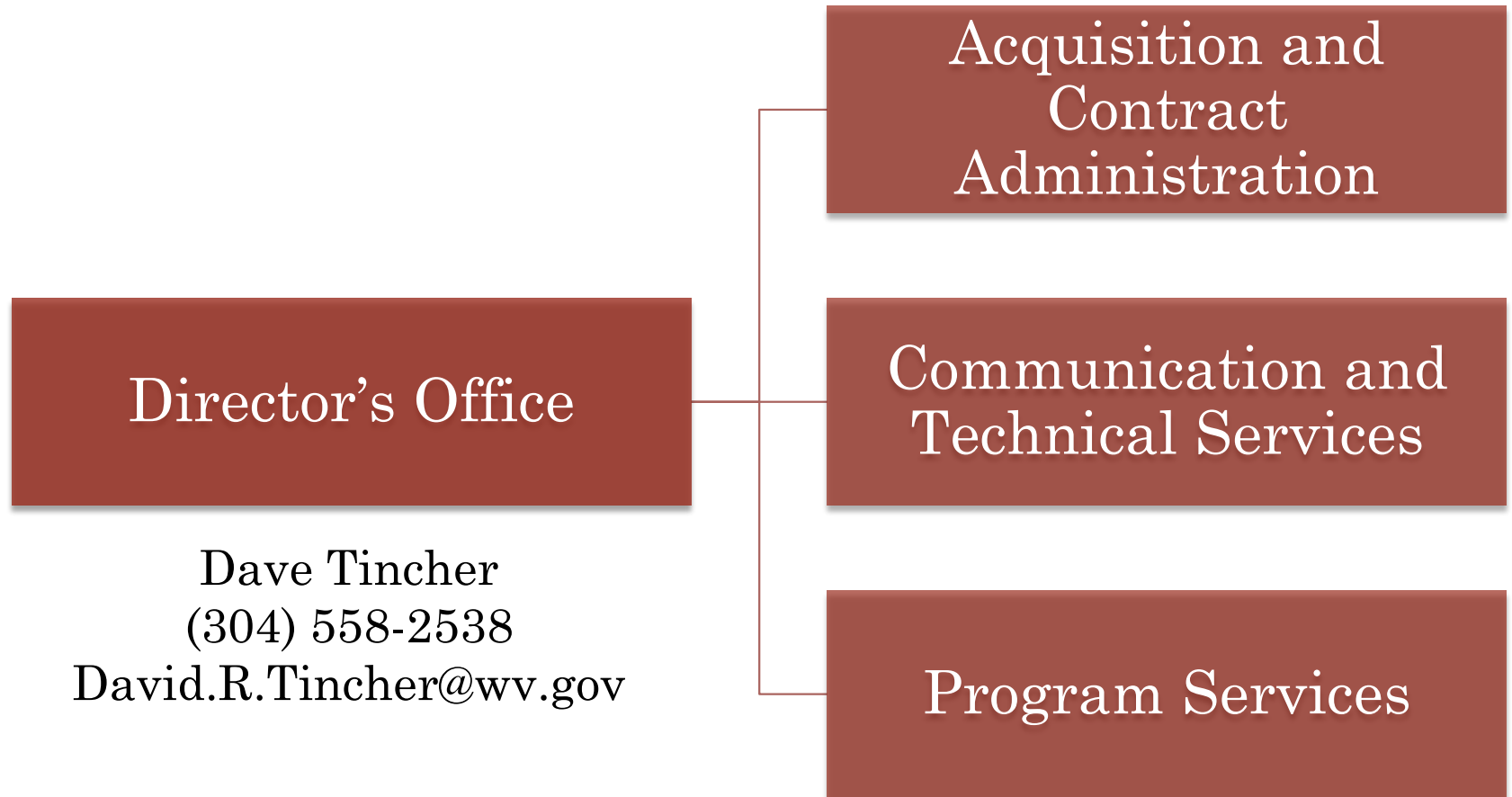
Objectives

- ▶ Review the purchasing decision path
- ▶ Discuss statutory exemptions from the Purchasing Division's authority
- ▶ Discuss the role the agency designated procurement officer plays
- ▶ Highlight training opportunities available through the West Virginia Purchasing Division

Overview

- ▶ History of the Purchasing Division
 - Division created in the 1930s
 - Relative Issues:
 - » Invest Right, 1968
- ▶ Senate Bill 356
 - Reverse auctions
 - Master agreements and direct ordering process
 - Cease and desist orders
 - Mandatory training

Organization



Statistics

► Fiscal Year 2014 Statistics

- 1,181 Purchase Orders
 - » West Virginia businesses awarded more than 70% of purchase orders issued
- Value equals \$543,995,788.46
- Average Purchase Order - \$460,623.02
- Other statistics

► NPI Award

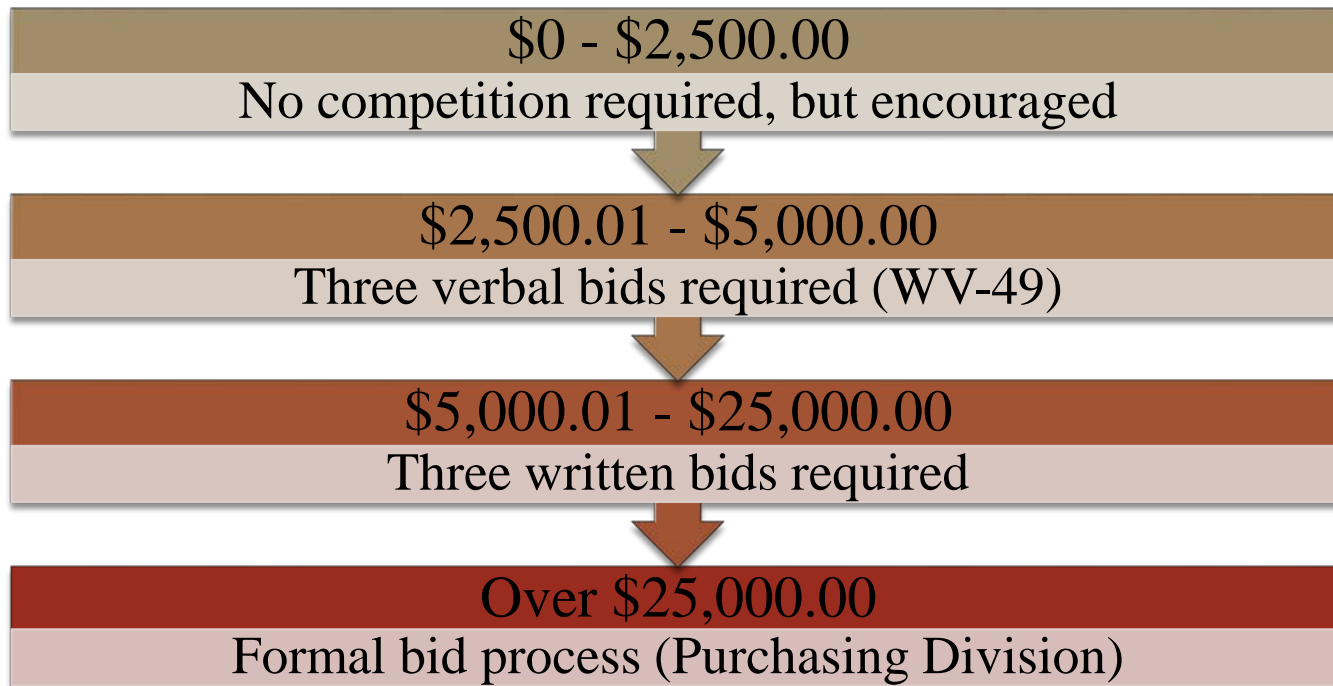
► Nationally Certified Buying Staff

Purchasing Decision Path

- ▶ Step One: Determination of Need
- ▶ Step Two: Availability through Internal Resources
- ▶ Step Three: Availability through Statewide or Agency Contract
- ▶ Step Four: Sole Source and Emergency Purchases
- ▶ Step Five: Agency Delegated Purchasing Procedures (\$25,000.00 or less)

Purchasing Decision Path

Spending Limits



** Delegated authority to state agencies*

Purchasing Decision Path

- ▶ Step Six: Formal Acquisitions (Over \$25,000.00)
- ▶ Step Seven: Evaluation and Award
- ▶ Step Eight: Purchase Order Encumbrance
- ▶ Step Nine: Protest Procedures
- ▶ Step Ten: Contract Management
- ▶ Step Eleven: Inspection

Vendor Registration

- ▶ **Registration:** All vendors must register with the Purchasing Division except P-card vendors providing travel-related services or receiving an aggregate total yearly payment less than \$25,000.00 from a spending unit
- ▶ **Fee Requirement:** Vendors receiving orders for goods or services exceeding \$1,000, regardless of payment method, shall pay an annual fee of \$125. Exceptions to who has to pay the fee include:
 - P-card vendors providing travel-related services or receiving an aggregate total yearly payment less than \$25,000.00 from a spending unit
 - Sole source and Section 9 vendors

Vendor Registration

► 148CSR1, Section 6.1.7

- *“The vendor must be licensed and in good standing in accordance with any and all state and local laws and requirements by any state or local agency of West Virginia, including, but not limited to, the Secretary of State’s Office, the West Virginia Tax Department, West Virginia Insurance Commission, or other state agencies or political subdivisions...”*

Agency Designated Procurement Officers

- ▶ Designated by the agency head to perform the procurement function for the agency
- ▶ Must be knowledgeable of the laws, rules, and procedures
- ▶ Training is offered by the West Virginia Purchasing Division

Training

- ▶ In-House Training Program
- ▶ Webinars
- ▶ Online Agency Resource Modules
- ▶ Agency Purchasing Conference
- ▶ State Certification Program
- ▶ More information can be found by going to *www.state.wv.us/admin/purchase/training*

Exemptions

- ▶ The following entities are exempt from the state purchasing process:
 - Legislative Branch
 - Judicial Branch
 - Higher Education
 - Division of Highways – Road Construction
 - 31 other full or partial exemptions
 - » The Purchasing Handbook details other commodities and services exempted from the state purchasing process

Public Record

- ▶ All records in the Purchasing Division related to purchase orders and contracts are considered public record.
- ▶ Bids or proposals for solicitations are available for public viewing after the bid opening.
- ▶ All other documentation in the contract file becomes public record after the award is made.

Violations

- ▶ Procurement officers should use their highest degree of discretion and ethical behavior when conducting state purchasing business
- ▶ Procurement officer or individual responsible for the purchase or contract can be held personally liable
- ▶ Penalties for violations outlined in West Virginia Code 5A-3 may include the following:
 - For state employees or spending units, jail time and/or fines
 - For vendors, jail time, fines, suspension and/or debarment

Protests

- ▶ Two types of protests
 - Solicitations
 - » Must be submitted up to five days prior to bid opening
 - Contract award
 - » Must be submitted within five days after the award of the contract
- ▶ Circuit Court

Headlines Hitting the News

***“Marketing Firm
Dodged State Bidding
Laws”***

***“Local Company Owner Charged
with Fraud over State Work”***

***“Former School Official
Indicted”***

***“Asbestos Contracts
Rigged?”***

***“WV Asbestos Chief
Took Bribes”***

***“Confidential Tip Led to
Probe into Bid Awards”***

Purchasing Division Programs

- ▶ Travel Management Office offers guidance to state business travelers and oversees statewide contracts for travel-related services
- ▶ Fixed Assets Unit maintains the state's inventory of property
- ▶ Surplus Property Program manages the state and federal programs for property no longer needed within the respective governments

Helpful Resources

Procurement Officer Listing

www.state.wv.us/admin/purchase/vrc/agencyli.html

Purchasing Division Website

WVPurchasing.gov

Purchasing Division Procedures Handbook

www.state.wv.us/admin/purchase/handbook

Intranet Site

intranet.state.wv.us/admin/purchase